



National and Provincial Retail Automotive Overview

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Major Themes

Good News: Record new car sales in 2013!!!!

Not-So-Good-News: previous record: 12 years ago

The continuation of (most?) fundamentals this year that drove sales in 2012

Wild gyrations in used market

Consumer debt dynamics

Cars and trucks switch spots in 2013

Canada's Dealers at a Glance

Total Sales: \$90 billion in 2013 (+5.7% over 2012)

1.74 million new cars sold last year – new record

Car dealers as percentage of all retail in Canada: 18.7% - steadily increasing in recent years as dealers outperform greater retail

Jobs: more than 160,000 and growing – up more than 5 per cent over 2012 and the biggest employer in the auto sector in Canada

Nova Scotia Dealers at a Glance

Total Sales: \$2.5 billion (6.2% of prov. GDP)

52,403 new cars sold last year – 7.7% growth. Nice Work.

Dealers as percentage of retail: 18.6% (+1 p.p. over 2012)

Just over 4,200 full time jobs – down slightly on 2012

Average weekly earnings: \$890 in dealerships (v. \$808 all-industries - +10.1%)

Store count in 2012: 119 (-2 over 2012)

Nova Scotia Economy at a Glance

Growth to pick up to around 2% this year after slow growth – 0.7% – in 2012

Deep Panuke set to drive growth this year

Medium term: Halifax Convention Center + Shipyard

Labour growth outpaces job growth since 2008

Retail sales grew faster than the economy at 1.9% last year
– largely driven by new car sales

Residential investment is punching above its weight

The Good News

Record strong affordability continues

General: Liquidity in the finance market

Specific: stability of a sort returns to leasing

Solid growth in the States taking hold

Consumers seem willing to spend and therefore we sell a lot of cars

The Not-So-good News

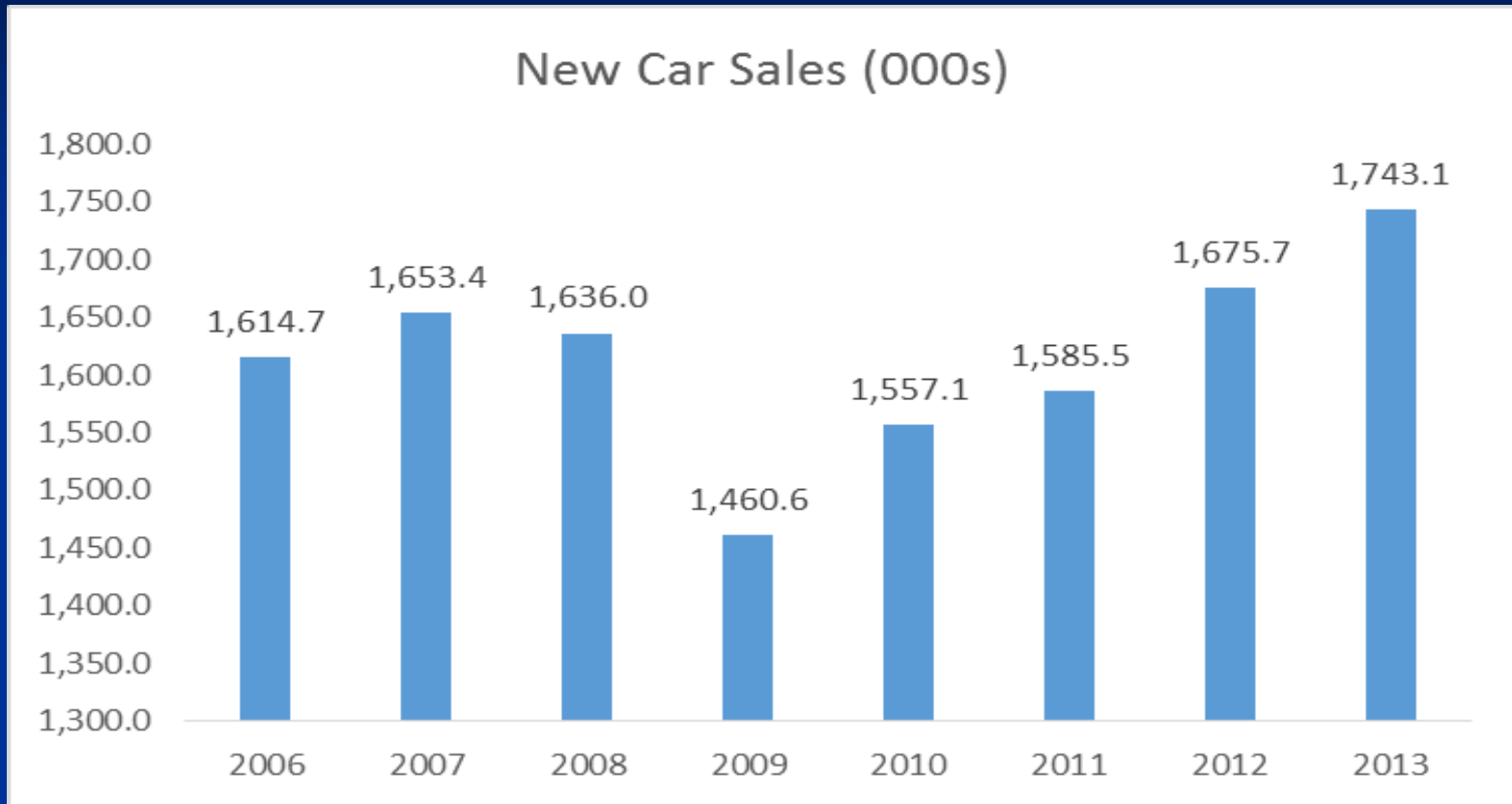
Less-than-amazing job growth – worse here than in R.O.C.

Slowing economic growth in Canada

The impossibility of car sales growth outpacing general growth forever

Consumers seem willing to spend and therefore rack up massive debt

Total Sales - Canada

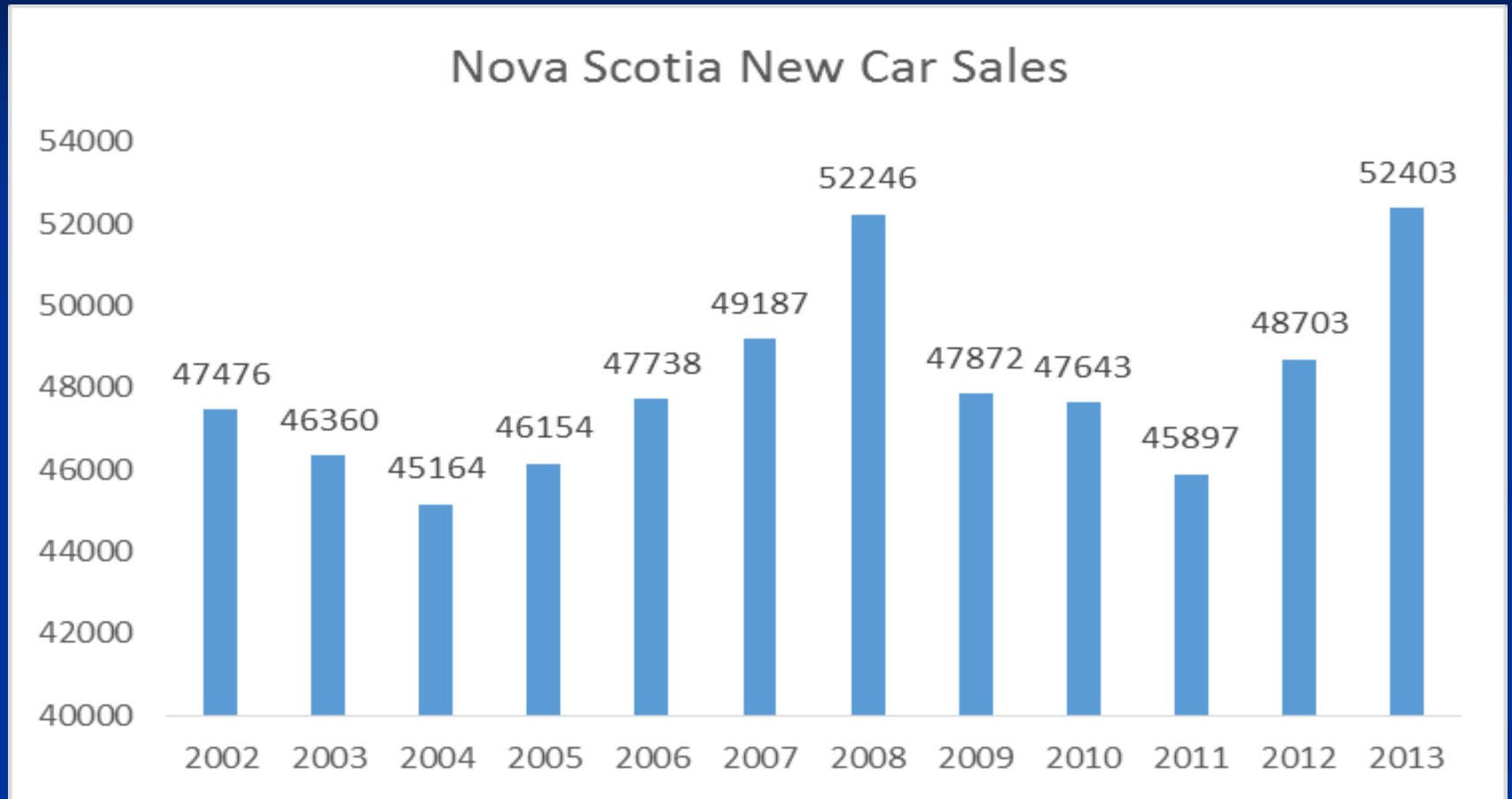


Very strong growth of four per cent last year; 20 per cent since 2009

Particularly strong growth in truck demand: 7 per cent

Best sales year ever – however over 11 years sales went like this: U

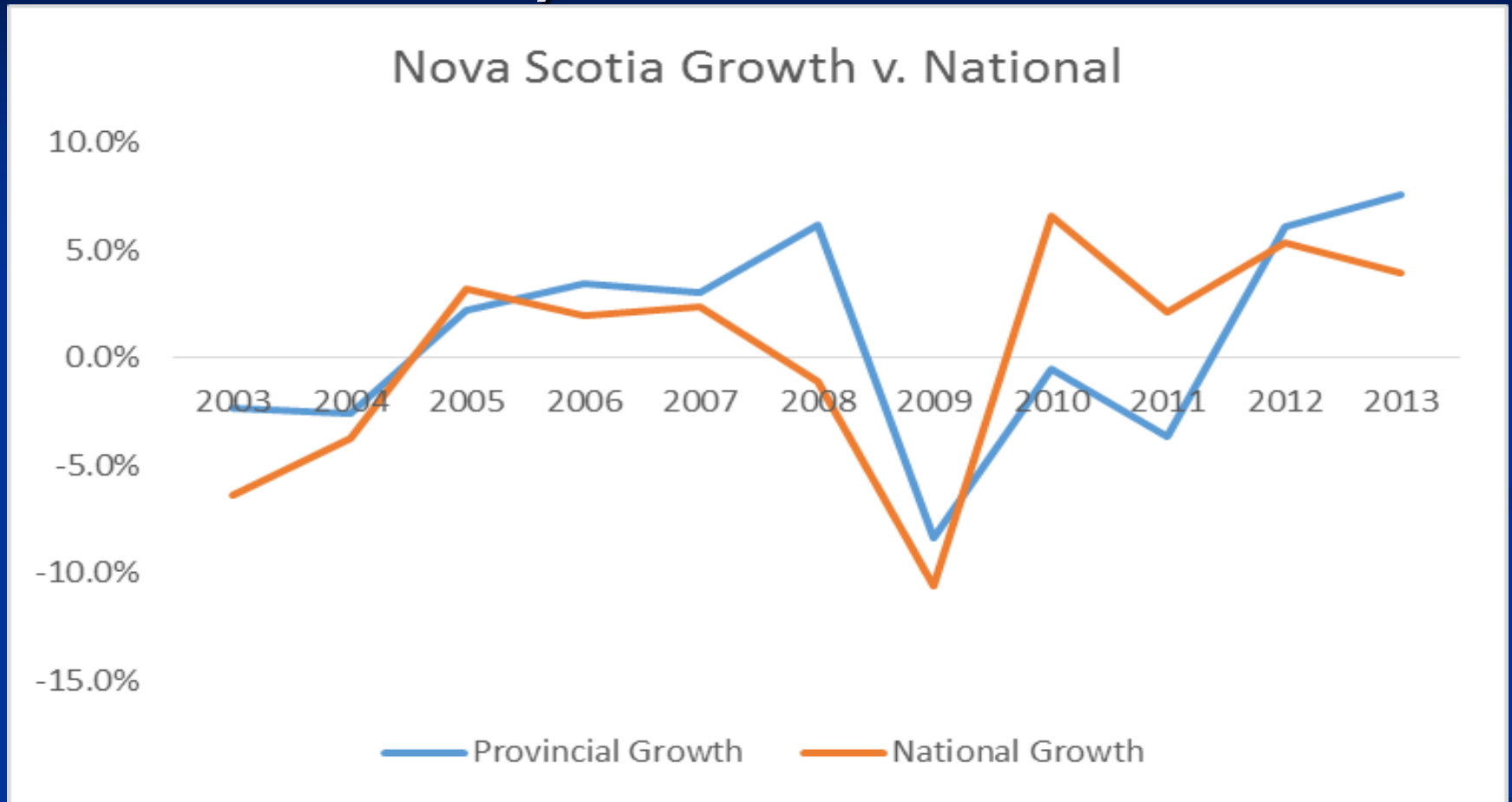
Total Sales – Nova Scotia



Reasonably good representation of national performance

Not quite a new record – but oh-so-close

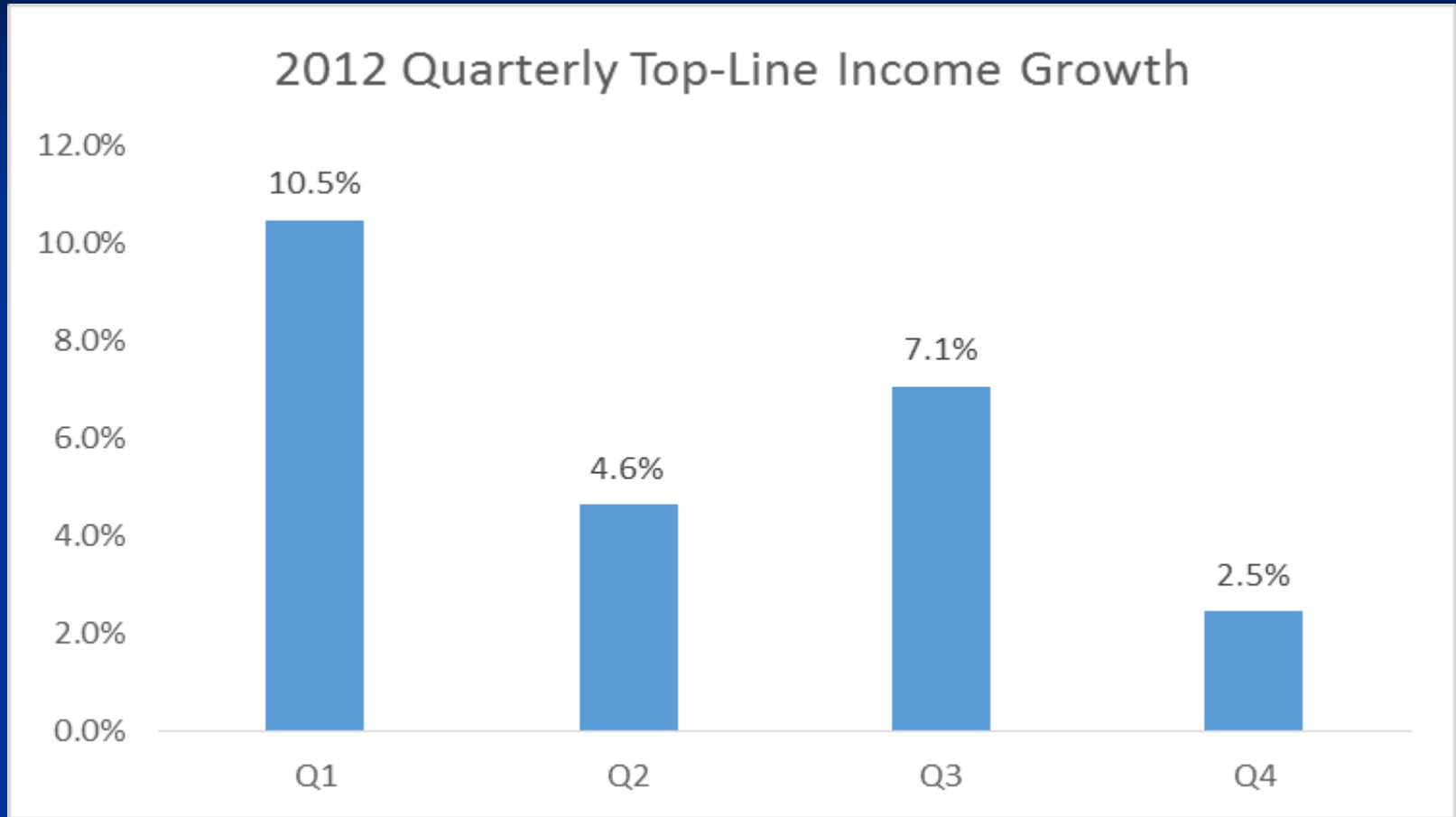
National/Provincial Growth



Broadly similar trajectories

Slight decoupling since 2010 – more pent up demand here in past 2 years

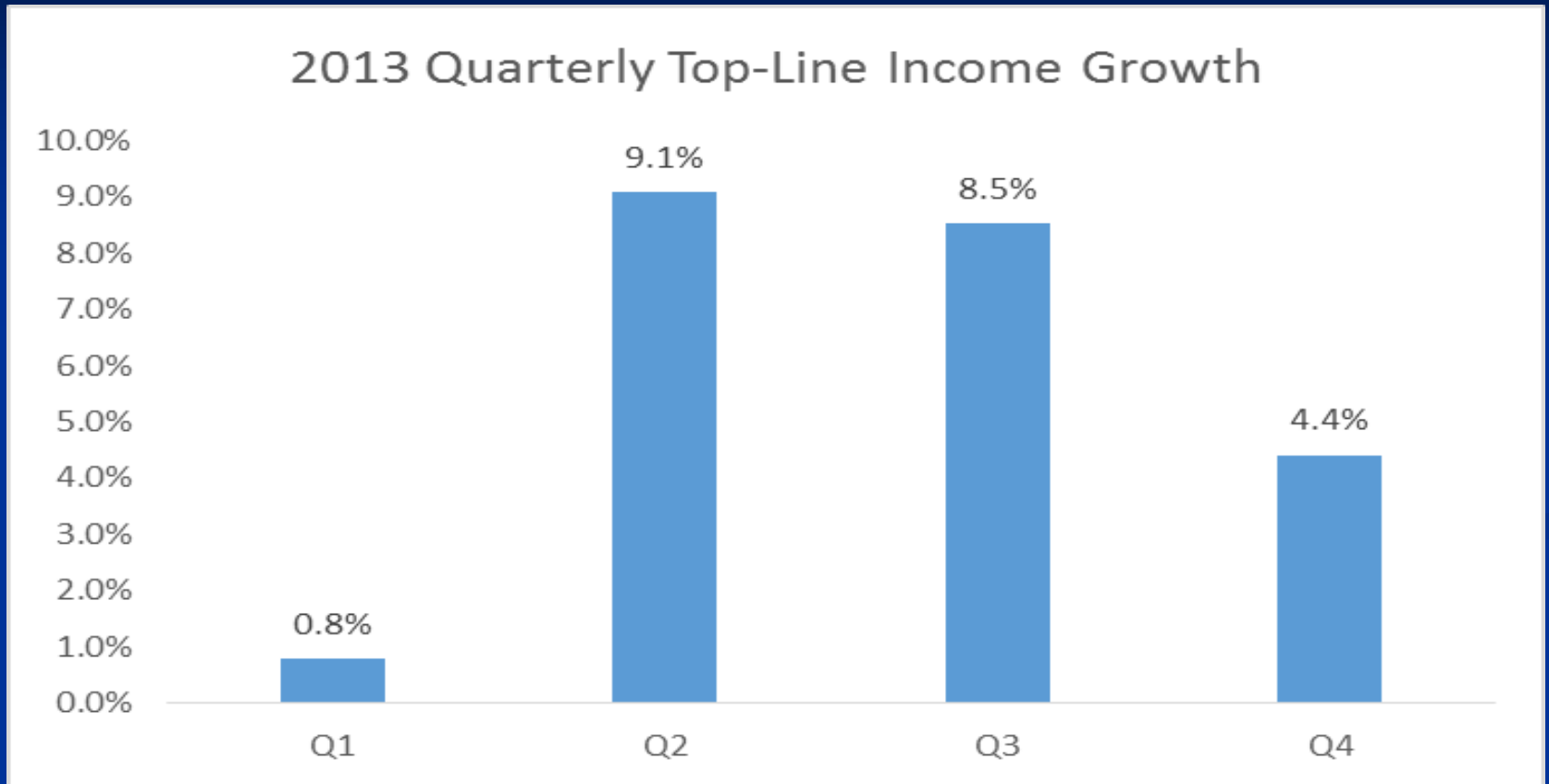
2012: the Great Growth Deceleration



Uneven quarterly growth but trend was clear: slowdown as year progressed

Question at the end of 2012: would this continue?...

And 2013...

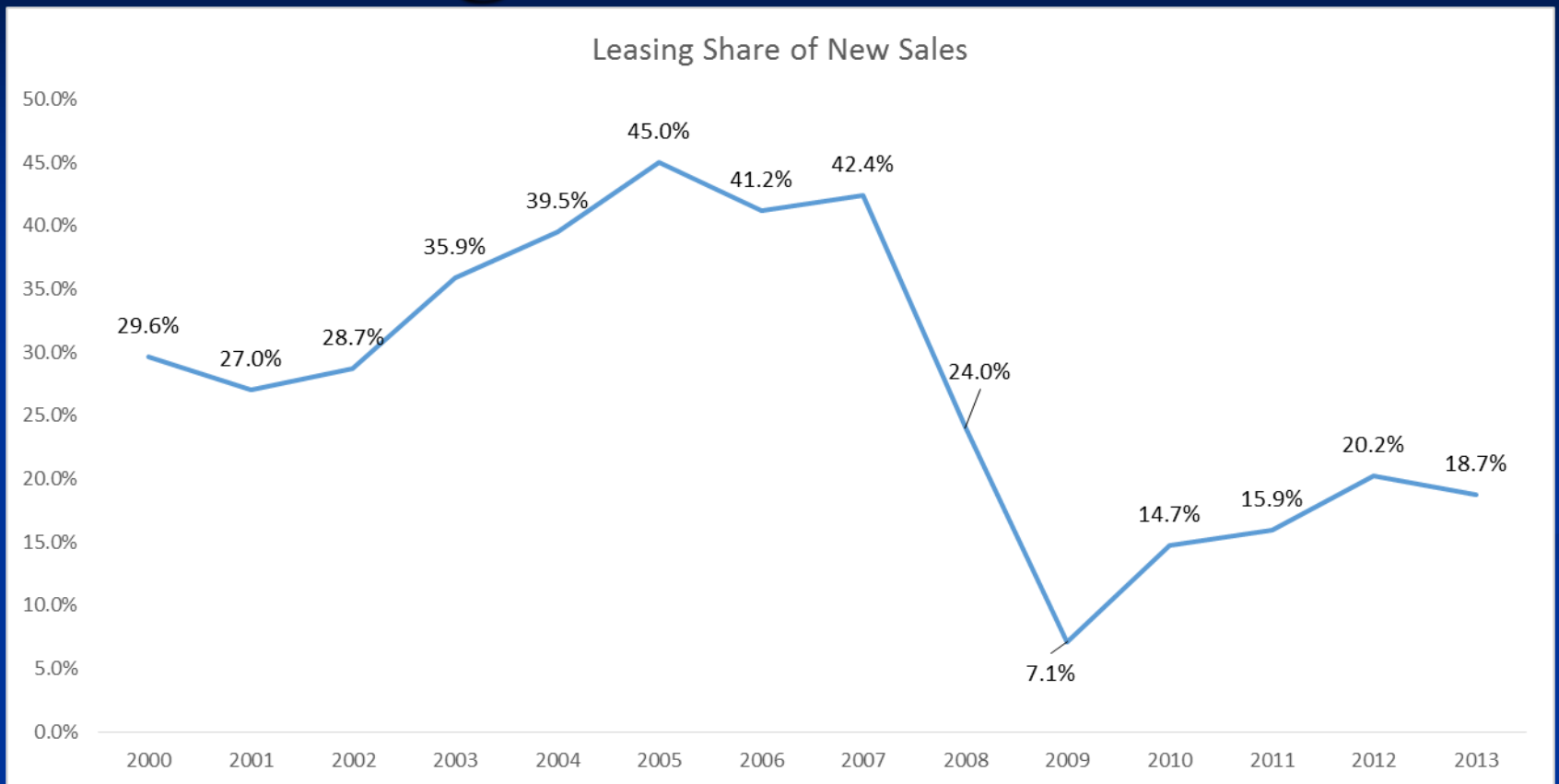


2012's deceleration continued into Q1 2013 but ended there

Trend began anew for last three quarters of last year

Q1 2014: sales up 1 per cent

Leasing Share of New Sales



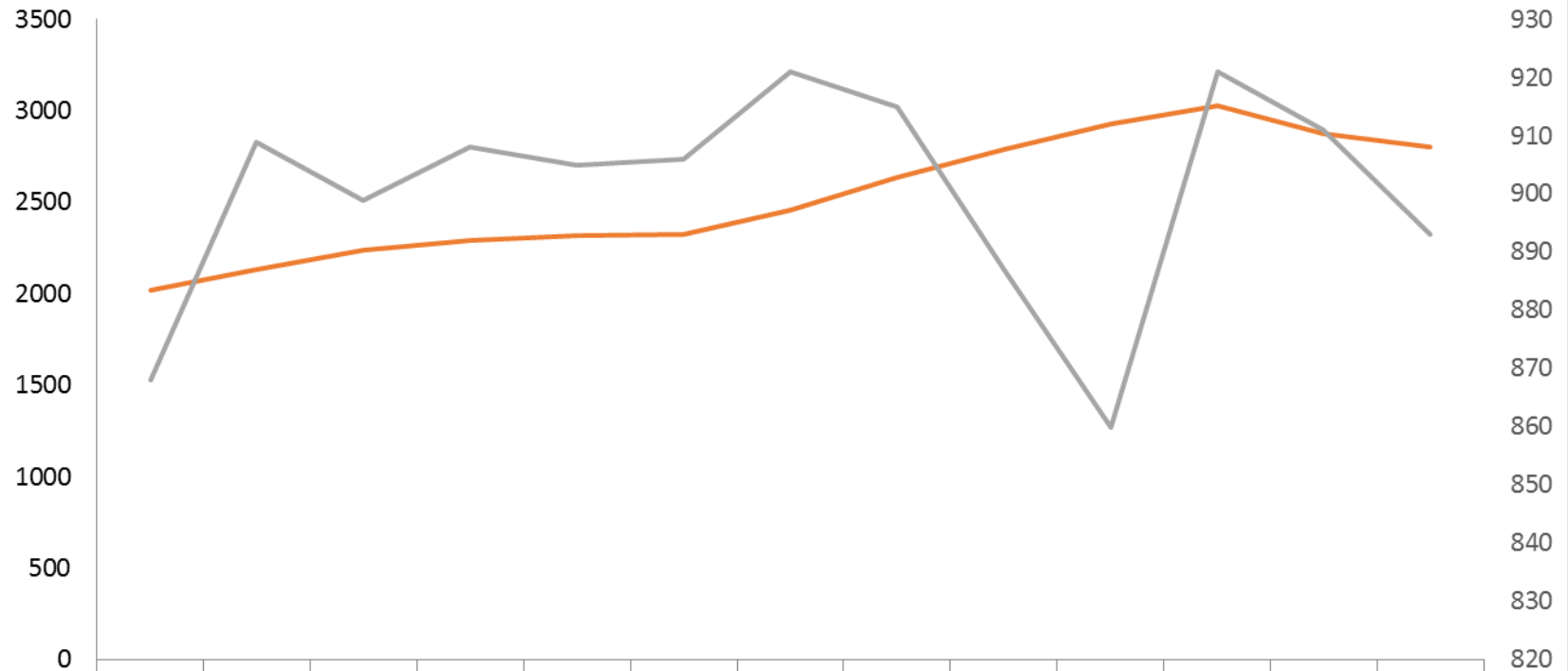
Leasing is not likely ever to be half the market again

Now "bouncing around" the 20 per cent level

More leases today = fewer new sales tomorrow

Used Vehicle Sales at Dealerships

Used Sales at Dealerships v. Total (000s)



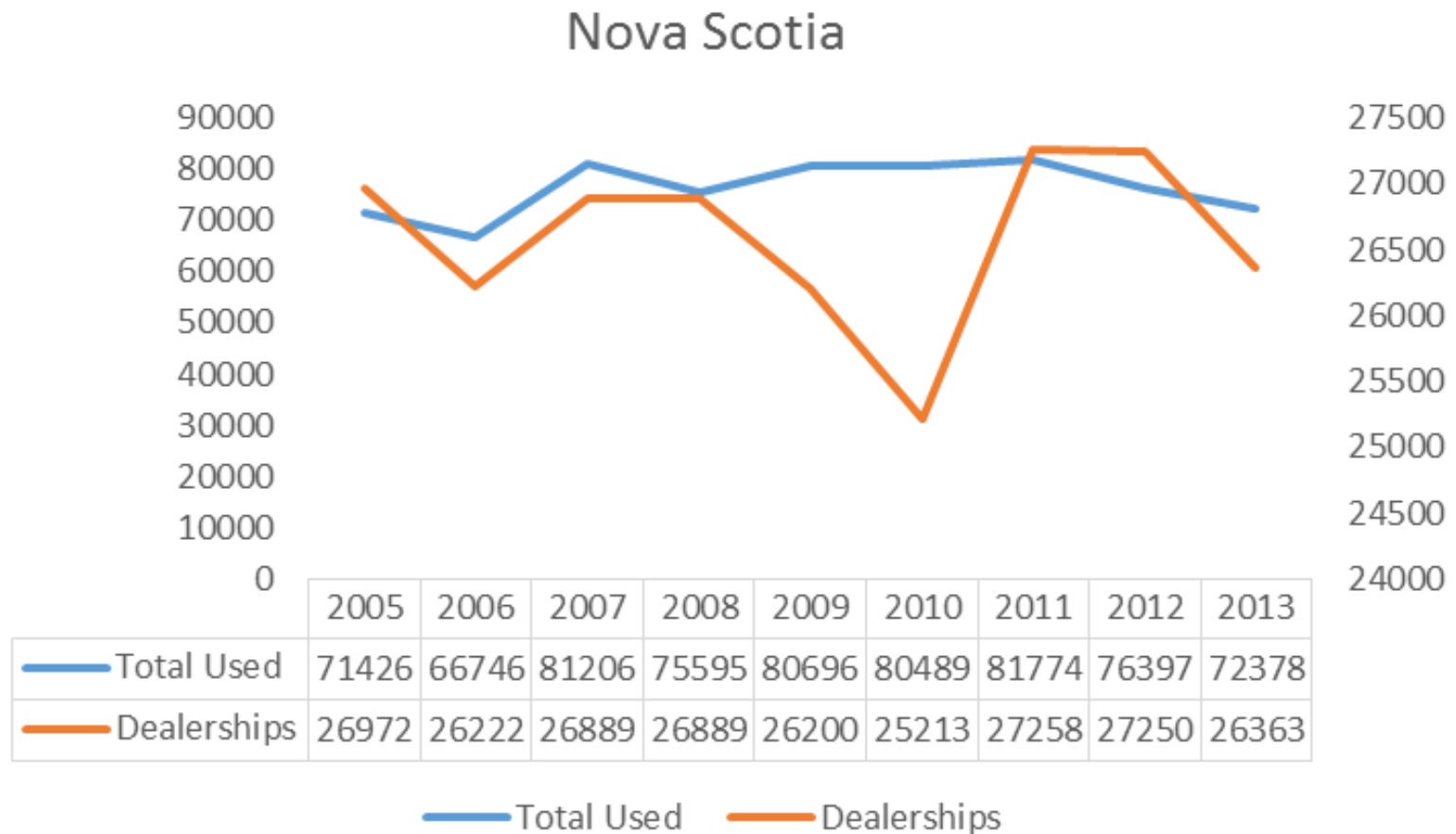
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
— Total Used	2022	2133	2238	2290	2320	2325	2455	2634	2790	2926	3028	2873	2801
— Dealerships	868	909	899	908	905	906	921	915	887	860	921	911	893

— Total Used — Dealerships

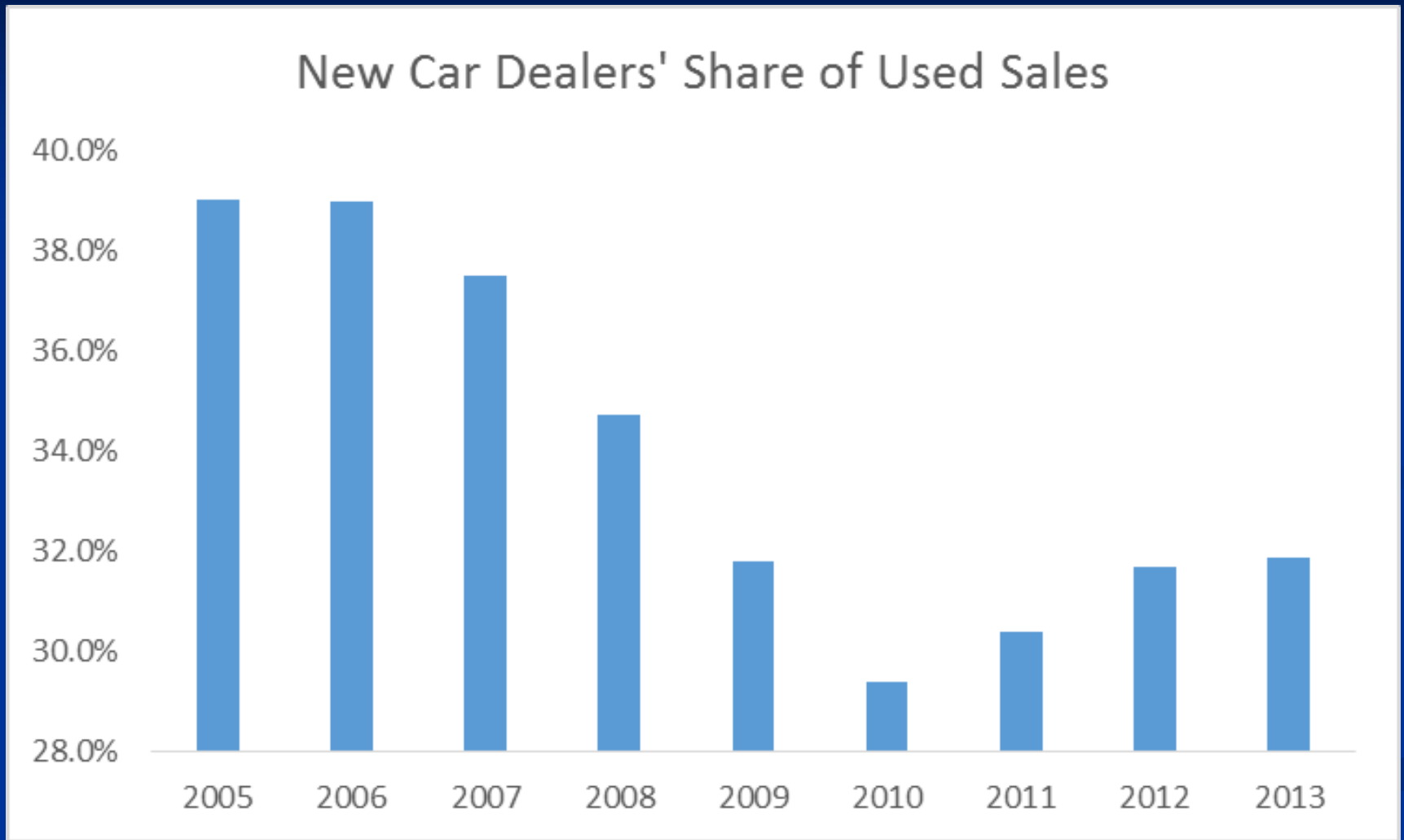
2013 was the 2nd straight decline in total used sales nationally

Shrinking faster in Nova Scotia than in Canada

Same thing, NS

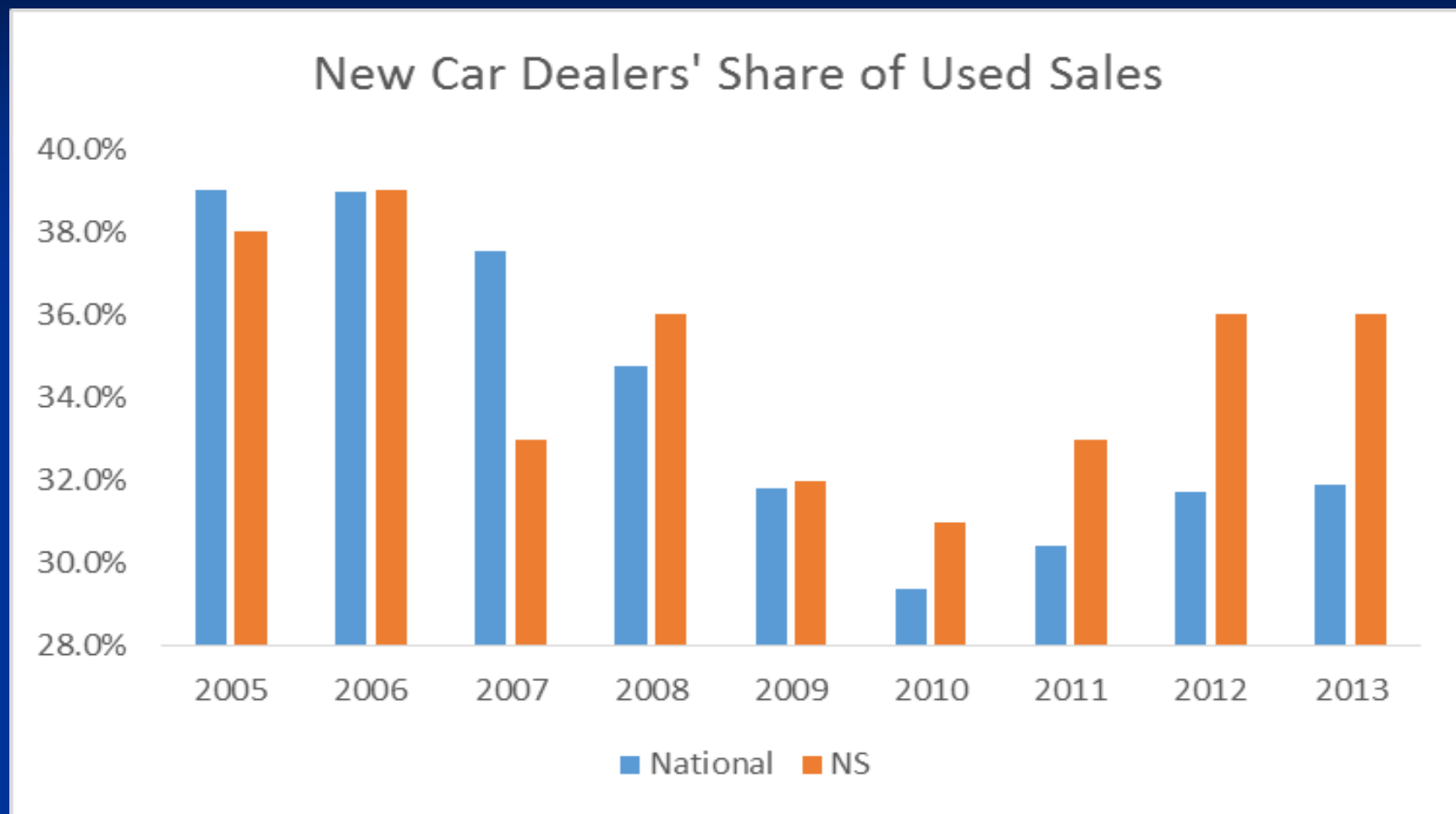


Dealers' Share of Used Sales



This pie is worth close to \$50 billion a year

Dealers' Share of Used Sales

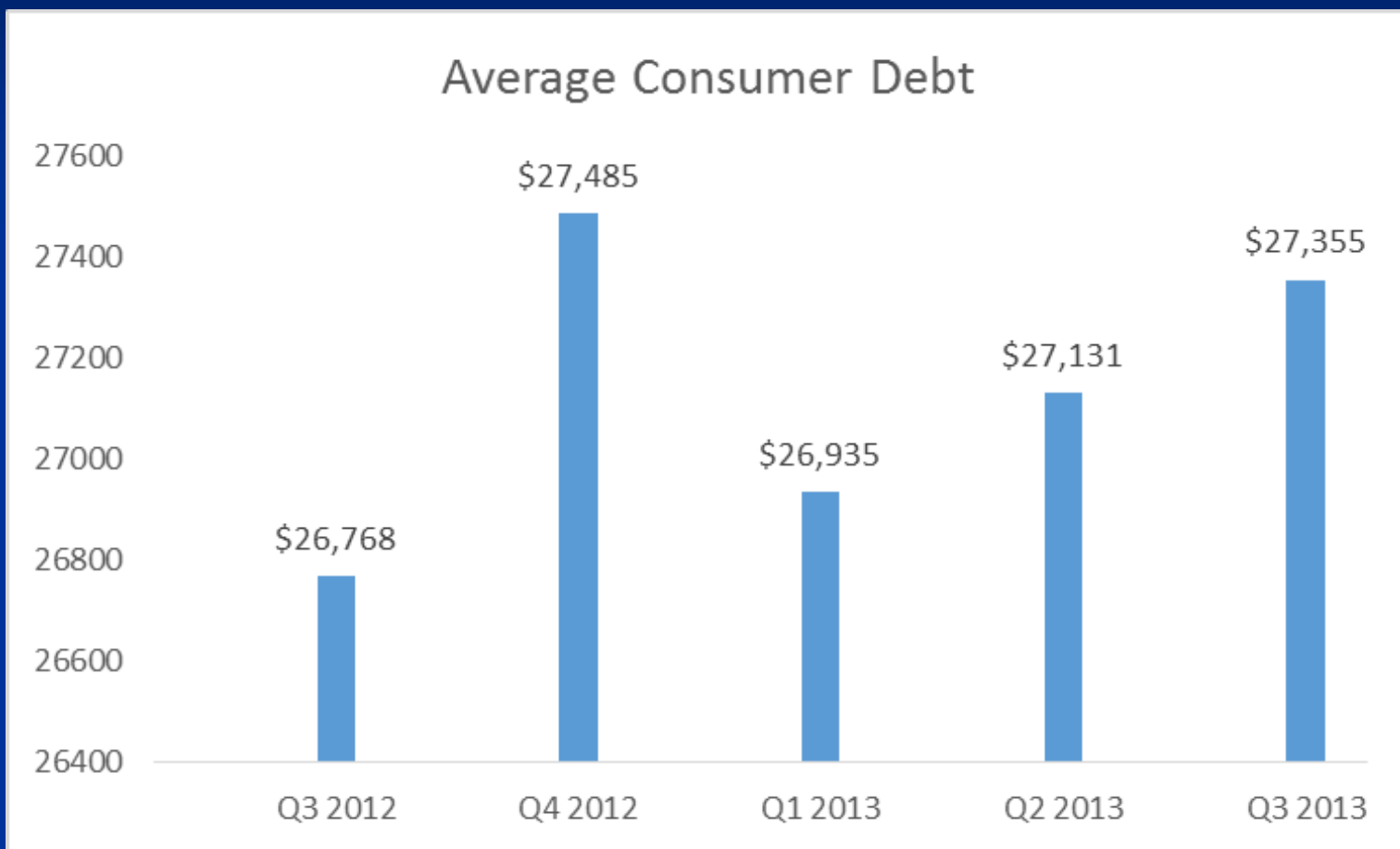


In Nova Scotia it's been shrinking in recent years faster than in Canada

09-13: +0.4% in Canada

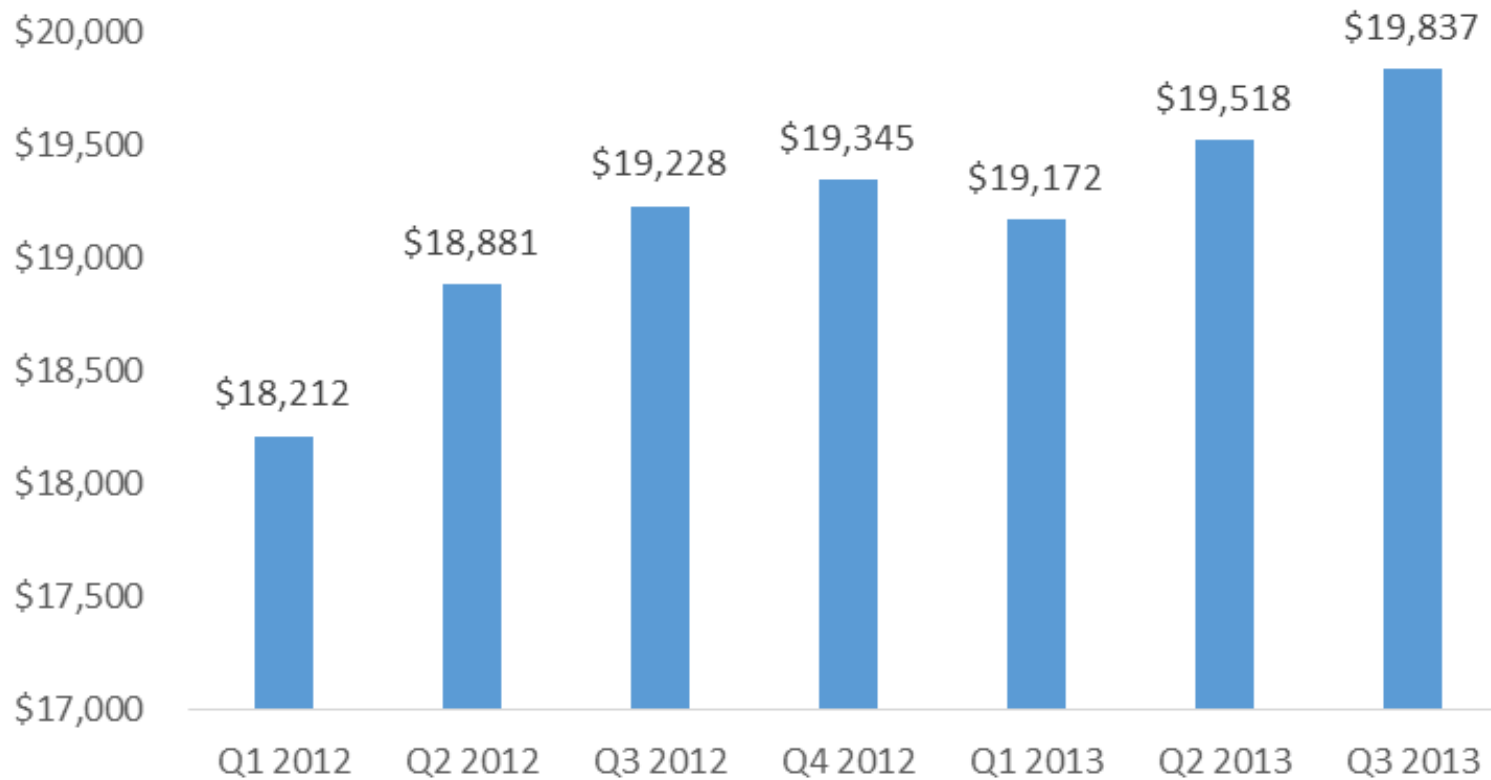
09-13: -10.3% in Nova Scotia

Debts are Growing Again...

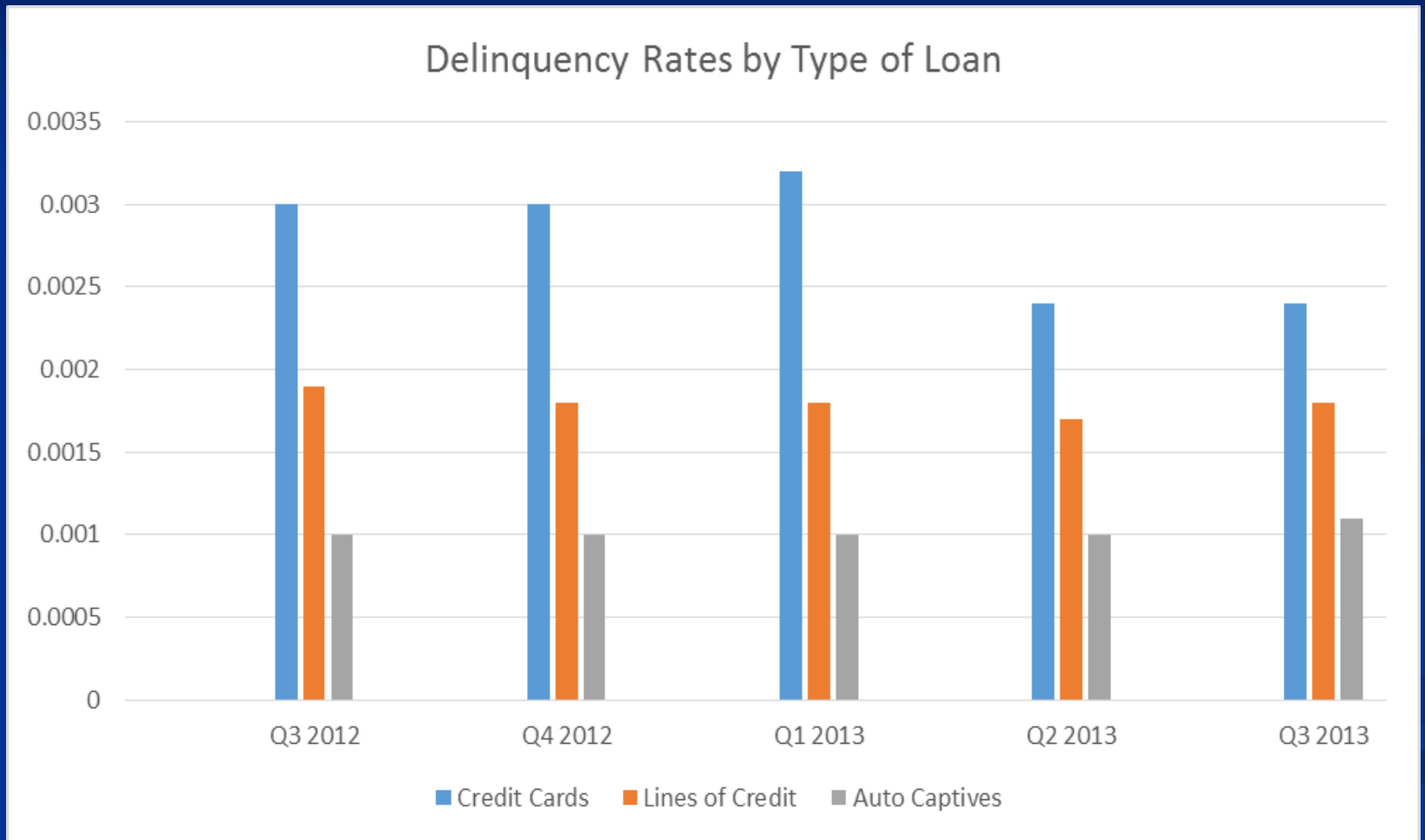


Car Loans are a Big Reason

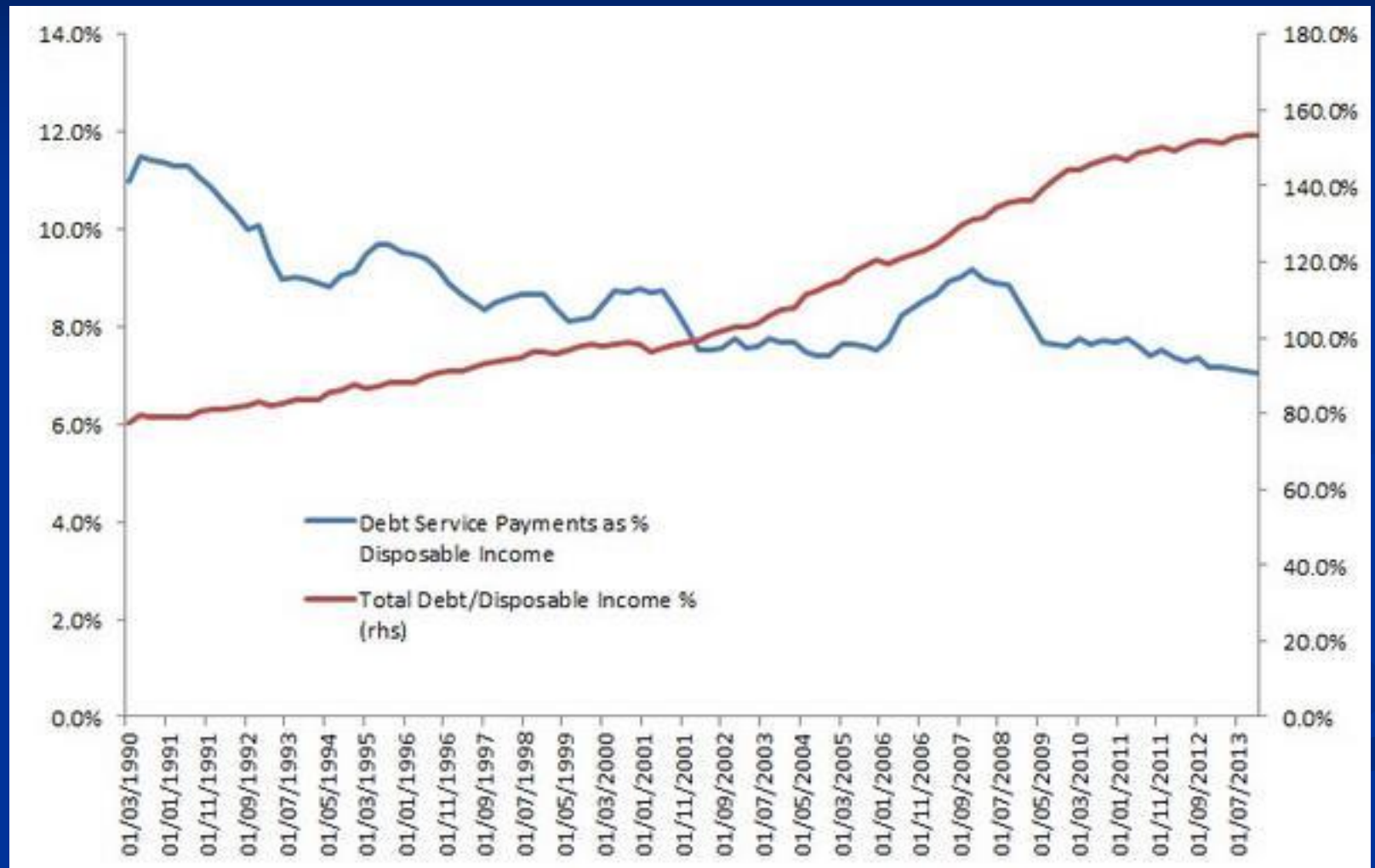
Average Debt Levels - Auto Captives



But they're being repaid



Total Debt Loads v. Service Costs



What to Look For in 2014

Flat car sales with small potential for upside swing in Nova Scotia due to better growth this year

Consensus is for growth to double this year to 2% - but we've been wrong before!

Interest rate cut? Probably not.

If you sell an extra 44 new cars this year: new record